



130th MAINE LEGISLATURE

FIRST REGULAR SESSION-2021

Legislative Document

No. 308

S.P. 134

In Senate, February 8, 2021

**An Act To Promote Research and Development in the State by
Increasing and Marketing the Research Expense Tax Credit**

Received by the Secretary of the Senate on February 4, 2021. Referred to the Committee on Taxation pursuant to Joint Rule 308.2 and ordered printed.

A handwritten signature in black ink, appearing to read 'D M Grant'.

DAREK M. GRANT
Secretary of the Senate

Presented by Senator STEWART of Aroostook.
Cosponsored by Representative HANLEY of Pittston and
Senator: POULIOT of Kennebec, Representatives: BICKFORD of Auburn, CARMICHAEL of
Greenbush, COLLINGS of Portland.

1 **Be it enacted by the People of the State of Maine as follows:**

2 **Sec. 1. 36 MRSA §5219-K, sub-§1**, as amended by PL 2007, c. 627, §91, is further
3 amended to read:

4 **1. Credit allowed.** A taxpayer is allowed a credit against the tax due under this Part
5 equal to the sum of ~~5%~~ 10% of the excess, if any, of the qualified research expenses for the
6 taxable year over the base amount and ~~7.5%~~ 15% of the basic research payments
7 determined under the Code, Section 41(e)(1)(A). The term "base amount" means the
8 average amount per year spent on qualified research expenses over the previous 3 taxable
9 years by the taxpayer. As used in this section, unless the context otherwise indicates, the
10 terms "qualified research expenses," "qualified organization base period amount," "basic
11 research" and any other terms affecting the calculation of the credit have the same meanings
12 as under the Code, Section 41, but apply only to expenditures for research conducted in
13 this State. In determining the amount of the credit allowable under this section, the State
14 Tax Assessor may aggregate the activities of all corporations that are members of a
15 controlled group of corporations, as defined by the Code, Section 41(f)(1)(A) and in
16 addition may aggregate the activities of all entities, whether or not incorporated, that are
17 under common control, as defined by the Code, Section 41(f)(1)(B).

18 **Sec. 2. 36 MRSA §5219-K, sub-§3**, as amended by PL 2007, c. 627, §92, is further
19 amended to read:

20 **3. Limitation on credit allowed.** The credit allowed under this section is limited to
21 100% of a corporation's first ~~\$25,000~~ \$50,000 of tax due, as determined before the
22 allowance of any credits, plus 75% of the corporation's tax due, as determined in excess of
23 ~~\$25,000~~ \$50,000. The assessor shall adopt rules similar to those authorized under the Code,
24 Section 38(c)(5)(B) for purposes of apportioning the ~~\$25,000~~ \$50,000 among members of
25 a controlled group.

26 **Sec. 3. Appropriations and allocations.** The following appropriations and
27 allocations are made.

28 **ECONOMIC AND COMMUNITY DEVELOPMENT, DEPARTMENT OF**
29 **Research Expense Tax Credit Marketing Fund N348**

30 Initiative: Provides ongoing funds to advertise and market the research expense tax credit
31 under the Maine Revised Statutes, Title 36, section 5219-K.

32 GENERAL FUND	2021-22	2022-23
33 All Other	\$100,000	\$100,000
34		
35 GENERAL FUND TOTAL	<u>\$100,000</u>	<u>\$100,000</u>

36 **SUMMARY**

37 This bill increases the research expense tax credit by doubling the expenditures eligible
38 for the credit and the maximum amount of the credit that may be claimed. The bill also
39 provides ongoing funds of \$100,000 per year beginning in fiscal year 2021-22 to the
40 Department of Economic and Community Development to advertise and market the
41 research expense tax credit.